

Message Text

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SUBJECT: REVISED GUIDELINES FOR INDUSTRIES 1975-76

1. ON JULY 24, THE MINISTRY OF INDUSTRY RELEASED THE REVISED EDITION OF THE GUIDELINES FOR INDUSTRIES, 1975-76. THIS PUBLICATION IS THE THIRD IN THE SERIES: THE FIRST GUIDELINES WAS ISSUED IN JULY 1973. THERE ARE NO SIGNIFICANT POLICY DIFFERENCES FROM THE PREVIOUS EDITION BUT SOME ADDITIONAL ITEMS (SUCH AS ALLOY AND SPECIAL STEELS; FERRO-CHROME; FERRO-SILICON; SPECIAL-TYPE CASTINGS; HIGH-TENSILE BOLTS AND NUTS; INDUSTRIAL CHAINS; GRINDING MEDIA; STEEL BALLS; ALUMINUM COLLAPSIBLE TUBES; CHINAWARE; ET CETERA) HAVE BEEN IDENTIFIED AS AREAS FOR EXPANSION AND ARE INCLUDED IN THE PRODUCT SURVEYS IN THE SECOND PART OF THE GUIDELINES.

2. AS IN THE PAST, THE REVISED GUIDELINES IS DIVIDED INTO TWO PARTS. THE FIRST PART OF THE GUIDELINES PROVIDES BASIC INFORMATION ON OFFICIAL INDUSTRIAL LICENSING AND FOREIGN INVESTMENT POLICIES WHICH AFFECT ENTREPRENEURS, BOTH INDIAN AND FOREIGN. THE NEW UNCLASSIFIED

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GUIDELINES HAS SECTIONS ON THE INDUSTRIAL POLICY; THE EXTENT AND

SCOPE OF THE LICENSING SYSTEM; THE GENERAL PROCEDURES FOR LICENSING; THE OFFICIAL POLICY WITH RESPECT TO THE INFLOW OF FOREIGN INVESTMENT AND TECHNOLOGY; AND THE PROCEDURES FOR THE IMPORTATION OF CAPITAL GOODS AND RAW MATERIALS. THE SUBSTANCE OF VARIOUS GOVERNMENT OF INDIA (GOI) INSTRUCTIONS, PRESS NOTES AND ANNOUNCEMENTS THAT HAVE BEEN ISSUED FROM TIME TO TIME HAVE ALSO BEEN BROUGHT TOGETHER IN THE GUIDELINES TO FULLY REFLECT CURRENT GOI POLICIES AND PROCEDURES. PART TWO OF THE GUIDELINES PROVIDES A BROAD SURVEY OF DEVELOPMENTS IN 255 SELECTED INDUSTRIES AND IDENTIFIES THE AREAS OFFERING POTENTIAL FOR THE CREATION OF ADDITIONAL PRODUCTION CAPACITY IN THE CONTEXT OF ESTIMATED DEMAND DURING THE FIFTH AND SUBSEQUENT FIVE YEAR PLAN PERIODS. THE PROJECTIONS OF DEMAND AND CAPACITY REQUIREMENTS INDICATED IN THIS PART OF THE GUIDELINES ARE BASED ON EVALUATIONS OR ASSESSMENT MADE BY VARIOUS TASK FORCES AND WORKING GROUPS CONSTITUTED BY THE GOI FOR THE PREPARATION OF INDIA'S FIFTH PLAN OR ON THE BASIS OF FINDINGS CONDUCTED BY TECHNICAL ADVISORS TO THE GOI AND/OR THE APPROPRIATE INDUSTRY DEVELOPMENT COUNCILS OR ASSOCIATIONS. WHILE THE DEMAND AND PRODUCTION ESTIMATES ARE BASED ON REASONABLY GOOD JUDGEMENTS AT THIS POINT OF TIME, POTENTIAL FOREIGN INVESTORS WILL HAVE TO MAKE THEIR OWN IN-DEPTH STUDIES TO MEASURE FUTURE DEMAND, ITS REGIONAL GROWTH ASPECTS, THE DYNAMICS OF MARKET EXPANSION, AN EXPECTED PROFITABILITY WITH RESPECT TO THEIR OWN SPECIFIC PRODUCTS AND PROJECTS.

3. THE REVISED GUIDELINES COVERS 255 PRODUCT CATEGORIES AND IDENTIFIES PRODUCT LINES IN THE MANUFACTURE OR DEVELOPMENT OF WHICH FOREIGN EQUITY INVESTMENT AND/OR TECHNOLOGY WOULD BE PERMITTED. ACCORDING TO THE GUIDELINES, FOREIGN COLLABORATION WOULD CONTINUE TO BE ALLOWED ONLY ON A "SELECTIVE BASIS". ADDED TO THE GENERAL PRODUCT CATEGORIES IDENTIFIED BY THE GUIDELINES FOR POSSIBLE FOREIGN COLLABORATION ARE THE MANUFACTURE OF SOME SOPHISTICATED ITEMS OF LEATHER PROCESSING MACHINERY; PRINTING EQUIPMENT; FLOUR MILL MACHINERY; IRON-ORE PELLETIZATION PLANTS; SOPHISTICATED PROCESS INDUSTRY PUMPS; SPECIFIED TYPES OF ROLLER BEARINGS; SPECIAL PURPOSE TAPS OF GRINDING WHEELS; AND THE PRODUCTION OF FERTILIZERS USING COAL AS FEEDSTOCK.

4. THE EMBASSY IS AIRPOUCHING FIVE COPIES OF THE GUIDELINES TO THE DEPARTMENT.

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5. ACTION REQUESTED: THE DEPARTMENT MAY WISH TO BRING THE AVAILABILITY OF THE GUIDELINES TO THE ATTENTION OF INTERESTED US COMPANIES THROUGH COMMERCE TODAY AND OTHER USDOC PUBLICITY MEDIA. COPIES OF THE GUIDELINES CAN BE OBTAINED FROM THE INDIAN INVESTMENT CENTER, PARLIAMENT STREET, NEW DELHI, AT U.S. DOLS 12.00 A COPY (INCLUSIVE OF AIR MAIL POSTAGE). A LIMITED NUMBER OF COPIES ARE ALSO AVAILABLE FOR SALE WITH THE INDIAN INVESTMENT

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